

State of Rhode Island and Providence Plantations
Rhode Island Department of Revenue
Division of Taxation

Public Notice of Proposed Rule-Making

Pursuant to the provisions of 42-35-3(a)(1) of the General Laws of Rhode Island, and in accordance with the Administrative Procedures Act Chapter 42-35 of the General Laws, the Division of Taxation hereby gives notice of its intent to issue a regulation regarding Estimated Tax Payments.

The purpose of this regulation is to implement Rhode Island General Laws (RIGL) Chapter 44-26. That chapter accelerates the payment of the respective taxes imposed under RIGL Chapters 11, 12, 13, 14, 15, and 17 of Title 44, and Chapter 3 of Title 27 by requiring that an entity pay a sum equal to the entire amount of its estimated tax during its current taxable year. The change is to clarify the requirements through replacing paragraph style for due dates with a tabular form including the required forms for each tax type. This regulation shall take effect July 1, 2012 and amends and supercedes regulation CT 01-10 promulgated January 1, 2001.

The proposed regulation and concise summary of non-technical requirements and proposed new rules are available for public inspection at www.tax.ri.gov, in person at The Rhode Island Division of Taxation, or requested by e-mail at mcanole@tax.ri.gov or by calling Michael Canole at (401) 574-8729.

In the development of the proposed regulation, consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) whether the regulation, in and of itself, would have significant economic impact on small business. No alternative approach, duplication, or overlap was identified based upon available information.

All interested parties are invited to submit written or oral comments concerning the proposed regulations by May 15, 2012 to Michael Canole, Rhode Island Division of Taxation, One Capitol Hill, Providence, RI – telephone number (401) 574-8729 or via e-mail at mcanole@tax.ri.gov. A public hearing to consider the proposed regulation will be held on May 15, 2012 at the Rhode Island Division of Taxation, One Capitol Hill, Providence, RI, at which time and place all persons interested therein will be heard. The room is accessible to the disabled and interpreter services for the hearing impaired will be provided if requested 48 hours prior to the hearing. Requests for this service can be made in writing to Michael Canole at Rhode Island Division of Taxation, One Capitol Hill, Providence, RI 02908 or by calling 401 574-8729.

Rhode Island Department of Revenue

Division of Taxation

Concise Summary of ALL Non-technical requirements pursuant to RIGL Section 42-35-3(a)(1) for Rules and Regulation regarding Estimated Tax Payments CT 12-10

The purpose of this regulation is to implement Rhode Island General Laws (RIGL) Chapter 44-26 of the Rhode Island General Laws. That chapter accelerates the payment of the respective taxes imposed under RIGL Chapters 11, 12, 13, 14, 15, and 17 of Title 44, and Chapter 3 of Title 27 by requiring that an entity pay a sum equal to the entire amount of its estimated tax during its current taxable year.

This regulation shall take effect July 1, 2012 and amends and supercedes regulation CT 01-10 promulgated January 1, 2001

~~State of Rhode Island -- Division of Taxation~~

~~Business Corporation Tax~~

~~Regulation CT-01-10~~

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~~Estimated Tax Payments~~

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~~I. Definitions~~

~~A. "Corporation" means every corporation, public service company, banking institution, insurance company, organization or association subject to taxation under chapters 11, 12, 13, 14, 15 and 17 of Title 44 and 27-3-38 of the Rhode Island General Laws relating to surplus line broker premium tax.~~

~~B. "Advance" means a sum equal to 100% of the full amount of the tax which a corporation estimates it will be required to pay under provisions of the seven chapters above.~~

~~C. "Underpayment" is the excess of the amount of installments to be paid if the advance payments were equal to 80% of the tax shown on the return for the taxable year.~~

~~II. Requirements~~

~~A. Every corporation shall file a declaration of its estimated tax if it is reasonably expected that its estimated tax exceeds \$500.~~

~~B. Payments are required in the entire amount of the estimated tax.~~

~~C. Due dates for declaration are as follows for chapters 11, 12, 13, 14, 15 and 17 of Title 44:~~

~~1. If requirements are first met by the first day of the third month of the taxable year..... declaration is due the fifteenth day of the third month of the taxable year.~~

~~2. If requirements are met after the first day of the third month and before the first day of the sixth month of the taxable year..... declaration is due the fifteenth day of the sixth month of the taxable year.~~

~~3. If requirements are met on or after the first day of the sixth month of the taxable year..... declaration is due the fifteenth day of the following month.~~

~~D. Due dates for declaration are as follows for Title 27-3-38:~~

~~1. If requirements are first met by the first day of the fourth month of the taxable year . . . declaration is due the thirtieth day of the fourth month of the taxable year.~~

~~2. If requirements are met after the first day of the fourth month and before the first day of the sixth month of the taxable year . . . declaration is due the thirtieth day of the sixth month of the taxable year.~~

~~3. If requirements are met after the first day of the sixth month and before the first day of the tenth month of the taxable year . . . declaration is due the thirtieth day of the tenth month of the taxable year.~~

~~4. If requirements are met on the first day of the tenth month and before the first day of the twelfth month of the taxable year . . . declaration is due the thirty first day of the twelfth month of the taxable year.~~

~~E. An amendment of declaration may be filed in any interval between installment dates prescribed but only one amendment may be filed in each interval.~~

~~III. Payments~~

~~A. If the declaration is filed on or before the fifteenth day of the third month of the taxable year, the estimated tax shall be paid in two installments for chapters 11, 12, 13, 14, 15 and 17 of Title 44:~~

~~1. The first installment of 40% of the estimated tax shall be paid at the time of the filing of the declaration.~~

~~2. The second and last installment of 60% of the estimated tax shall be paid on or before the fifteenth day of the sixth month of the taxable year.~~

~~B. If the declaration is required to be filed after the fifteenth day of the third month but before the first day of the sixth month, the entire amount of the estimated tax must be paid by the fifteenth day of the sixth month.~~

~~C. If the declaration is filed on or after the first day of the sixth month, the entire amount of the estimated tax must be paid at the time of filing of the declaration.~~

~~D. If the declaration is filed on or before the thirtieth day of the fourth month of the taxable year, the estimated tax will be paid in four equal installments for Title 27-3-38.~~

~~1. The first installment of twenty five percent (25%) of estimated tax shall be paid on or before the thirtieth day of the fourth month of the taxable year.~~

~~2. The second installment of twenty five percent (25%) of the estimated tax shall be paid by the thirtieth day of the sixth month of the taxable year.~~

~~3. The third installment of twenty five percent (25%) of the estimated tax shall be paid by the thirtieth day of the tenth month of the taxable year.~~

~~4. The fourth installment of twenty-five percent (25) of the estimated tax shall be paid by the thirty-first day of the twelfth month of the taxable year.~~

~~E. Any amendment to a declaration increases or decreases the estimated tax to be paid for the prescribed installments.~~

~~IV. Interest and Penalty~~

~~A. Interest at the rate outlined in 44-1-7 is added to the tax. The period of underpayment is from the due date of the installment required to be paid to the date such installment is paid or the due date of the return, whichever is earlier.~~

~~B. Penalty is assessed at 5% of the underpayment of installments that have not been made at the time prescribed.~~

~~C. Exceptions to interest and penalties:~~

~~1. Less than \$500 tax for the taxable year.~~

~~2. Estimated payments made that are at least equal to 80% of the tax for the taxable year.~~

~~3. Estimated payments made that are equal at least to the tax that would be calculated at the current year's rate but using last year's taxable measure base (income, gross earnings, gross premiums, etc.).~~

~~Therefore in a year where the tax rate remains the same, estimated payments equal to the prior year's tax are an exception. However, when the tax rate increases, estimated payments must be made equal to the current year's rate multiplied by the prior year's applicable taxable base.~~

~~R. GARY CLARK
TAX ADMINISTRATOR~~

~~EFFECTIVE: January 1, 2001~~

~~THIS REGULATION AMENDS AND SUPERCEDES CT90-10 PROMULGATED
DECEMBER 31, 1990.~~

State of Rhode Island - Division of Taxation

Business Corporation Tax

Estimated Tax Payments

Regulation CT 12-10

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RULE 1. PURPOSE

These rules and regulations implement Rhode Island General Law (RIGL) chapter 44-26. That chapter accelerates the payment of the respective taxes imposed under RIGL chapters 11, 12, 13, 14, 15, and 17 of title 44, and chapter 3 of title 27 by requiring that an entity pay a sum equal to the entire amount of its estimated tax during its current taxable year.

RULE 2. AUTHORITY

These rules and regulations are promulgated pursuant to RIGL §44-1-4 and §44-26-11. The rules and regulations have been prepared in accordance with the requirements of RIGL §§42-35-1 et. seq. of the Rhode Island Administrative Procedures Act.

RULE 3. APPLICATION

These rules and regulations shall be liberally construed so as to permit the Division of Taxation to effectuate the purpose of RIGL chapter 44-26 and other applicable state laws and regulations.

RULE 4. SEVERABILITY

If any provision of these rules and regulations, or the application thereof to any person or circumstances, is held invalid by a court of competent jurisdiction, the validity of the remainder of the rules and regulations shall not be affected thereby.

RULE 5. DEFINITIONS

"Advance" means a sum equal to one hundred percent (100%) of the full amount of the tax that a corporation estimates it will be required to pay under the provisions of any of the RIGL chapters 11, 12, 13, 14, 15, and 17 of title 44, and chapter 3 of title 27, or in any changes and amendments of those chapters.

"Corporation" means every corporation, utility, banking institution, insurance company, organization, association, or individual subject to taxation under RIGL chapters 11, 12, 13, 14, 15, and 17 of title 44, and chapter 3 of title 27, or under any changes and amendments of those chapters.

"Taxable year," means:

(i) For entities taxed under RIGL chapters 44-11 or 44-12, the calendar year or fiscal year for which a return is filed and;

(ii) For entities taxed under RIGL chapter 44-14, referred to as "income period", the calendar year or the fiscal year, or portion of the year to be covered by the filing and;

(iii) For entities taxed under RIGL chapters 44-13, 44-15, or 44-17, or under RIGL chapter 27-3, the calendar year ending December 31st of each year.

RULE 6. DECLARATION – DUE DATE – PAYMENTS – INTEREST

(a) Every corporation is required to file estimated taxes if their estimated liability for the taxable year can reasonably be expected to exceed five hundred dollars (\$500) pursuant to RIGL 44-26-2.1(a).

For Calendar Year taxpayers:

| <u>Tax Types</u> | <u>Tax Form Used for Filing</u> | <u>1st Installment Due Date</u> | <u>2nd Installment Due Date</u> | <u>3rd Installment Due Date</u> | <u>4th Installment Due Date</u> |
|--|---------------------------------|----------------------------------|---------------------------------|------------------------------------|-------------------------------------|
| <u>Corporation and Franchise Tax</u> | <u>RI-1120ES</u> | <u>40% March 15th</u> | <u>60% June 15th</u> | <u>N/A</u> | <u>N/A</u> |
| <u>Public Service Tax</u> | <u>T69-ESPS</u> | <u>40% March 15th</u> | <u>60% June 15th</u> | <u>N/A</u> | <u>N/A</u> |
| <u>Taxation of Banks</u> | <u>T69-ESBE</u> | <u>40% March 15th</u> | <u>60% June 15th</u> | <u>N/A</u> | <u>N/A</u> |
| <u>Bank Deposits</u> | <u>T69-ESBD</u> | <u>40% March 15th</u> | <u>60% June 15th</u> | <u>N/A</u> | <u>N/A</u> |
| <u>Taxation of Insurance Companies</u> | <u>T69-ESINS</u> | <u>40% March 15th</u> | <u>60% June 15th</u> | <u>N/A</u> | <u>N/A</u> |
| <u>Surplus Lines Tax</u> | <u>T69-ESSLBDEC</u> | <u>25% April 30th</u> | <u>25% June 30th</u> | <u>25% October 30th</u> | <u>25% December 31st</u> |

For Fiscal Year taxpayers:

| <u>Tax Types</u> | <u>Tax Form Used for Filing</u> | <u>1st Installment Due Date</u> | <u>2nd Installment Due Date</u> | <u>3rd Installment Due Date</u> | <u>4th Installment Due Date</u> |
|--------------------------------------|---------------------------------|--|--|---------------------------------|---------------------------------|
| <u>Corporation and Franchise Tax</u> | <u>RI-1120ES</u> | <u>40% 15th day of 3rd month</u> | <u>60% 15th day of 6th month</u> | <u>N/A</u> | <u>N/A</u> |
| <u>Taxation of Banks</u> | <u>T69-ESBE</u> | <u>40% 15th day of 3rd month</u> | <u>60% 15th day of 6th month</u> | <u>N/A</u> | <u>N/A</u> |

(b) If multiple payments are being made for different obligations with one check (for example, an extension and an estimated tax payment), the appropriate separate coupons shall accompany the payment(s).

(c) If the required estimated payments are not made, then underestimated interest shall be calculated and reported on Form RI-2220 when filing the annual return.

RULE 7. CREDIT AGAINST TAX

Credit against tax. – All payments of any advance or installment payment, for any taxable year is allowed as a credit to the corporation against the tax imposed upon the corporation for the taxable year under the provisions of any of the chapters enumerated in § 44-26-1.

RULE 8. FAILURE TO FILE

If any corporation is required under RIGL chapter 44-26 to file a declaration of estimated tax for any taxable year at any time on or before the fifteenth day of the tenth month of the taxable year and the corporation fails to file any declaration, although the declaration may otherwise be late, on or before that date, there shall be assessed as a penalty against the corporation an amount equal to five percent (5%) of the tax imposed upon the corporation for the taxable year. The tax administrator may waive the penalty, if it is shown to his or her satisfaction that the failure to file the declaration was due to reasonable cause and not to willful neglect.

RULE 9. EFFECTIVE DATE

This Regulation shall take effect July 1, 2012 and shall amend and supercede regulation CT 01-10 promulgated January 1, 2001.

David M. Sullivan
TAX ADMINISTRATOR